

THE HON'BLE Ms. JUSTICE G. ROHINI

WRIT PETITION NO.20402 OF 2005

DATED: 14TH SEPTEMBER, 2006.

Between :

T. Jagadeeshwar Rao & Company ... Petitioner

And

1. The Chief Administrative Officer (Construction),
South Central Railway, Secunderabad,
And another. ... Respondents

-

THE HON'BLE Ms. JUSTICE G. ROHINI

WRIT PETITION NO.20402 OF 2005

ORDER:

The petitioner who was awarded the work of construction of minor bridges between Mallial and Jagityal stations under the Agreement dated 11-8-2005 filed this writ petition seeking a declaration that the action of the respondents in withholding the seigniorage charges on the ordinary earth as arbitrary and illegal; and consequently to direct the respondents not to recover or withhold seigniorage charges from the bills payable to him.

I have heard the learned Counsel for both the parties and perused the material on record.

The relevant clause from the Agreement, dated 11-8-2005, which provides for seigniorage charges may be extracted hereunder:

“12.3. Seigniorage Charges as fixed by the Government of Andhra Pradesh and payable to the Government of Andhra Pradesh as revised from time to time during the currency of contract will be recovered by Railway from the contractor's on account and final bills and remitted to the Government of Andhra Pradesh. The rate quoted by the tenderer shall be inclusive of all these charges. Claims regarding revision of seigniorage charges and consequently enhancement of the accepted rate will not be entertained.”

Having considered the effect of an identical clause under the agreement and the memo issued by the Government, a Division Bench of this Court in M/s. MRKR-MBGEC v. CHIEF ADMINISTRATIVE OFFICER, CONSTRUCTION, SOUTH CENTRAL

RAILWAY^[1] held as under :

“... ... Rule 10 of the A.P. Minor Mineral Concession Rules, 1966 provide for levy of seigniorage charges. It declares that seigniorage fee etc. is payable on all minor minerals dispatched or consumed from the land. The rates of seigniorage fee are specified in Schedule-I appended to the Rules. Ordinary sand which is used for civil construction finds mention at Sl.No.9 in Schedule-I of Rule 10. Therefore, on a plain reading of the relevant clauses of the agreements entered into between the petitioners on the one hand and the Railway Administration on the other hand and Rule 10 of the 1966 Rules, it becomes clear that the petitioners are liable to pay seigniorage charges on ordinary sand used for civil construction.”

The Division Bench further held as under :

“In our opinion, letter dated 17-9-2004 and Memo dated 15-12-2004 cannot be interpreted so as to relieve the petitioners of their obligation to pay seigniorage charges in terms of the relevant clauses of the agreements, to which reference has been made hereinabove. Clause 27.2 of the Special Conditions and Specifications of Work awarded to M/s. MRKR-MBGEC and similar clauses in the agreements entered into between the remaining petitioners and the Railway Administration make it clear that seigniorage charges are payable by the contractor at the rates fixed by the State Government. These clauses are very widely worded. They provide for levy of seigniorage charges fixed by the Government without specifying any particular mineral. This necessarily means that seigniorage charges are to be levied by the Railway Administration on all minerals for which the rates have been fixed by the State Government. If we read these clauses in conjunction with Rule 10 of the 1966 Rules and Schedule I, then there remains no doubt that seigniorage charges are payable on all minor minerals, including ordinary earth, despatched or consumed from the land. The rates of seigniorage charges/fee are specified in Schedules I and II. Schedule I clearly refers to ordinary sand used for civil

construction. Therefore, all contracts like the petitioners are duly bound to pay the seigniorage charges on the ordinary sand used for construction purposes.”

The ratio laid down by the Division Bench in the above said decision squarely applies to the present case and the petitioner herein also stands on the same footing. Hence, the relief as prayed for cannot be granted.

However, liberty is granted to the petitioner to avail the appropriate alternative remedy as available under law for redressal of his grievance, if any.

Writ Petition is accordingly dismissed. No costs.

G. ROHINI, J.

Dt. 14-9-2006
gbs

[\[1\]](#) 2006 (3) ALT 274 (D.B.)